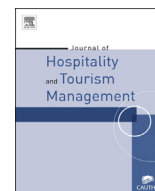




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Stars, diamonds, and other shiny things: The use of expert and consumer feedback in the hotel industry

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ABSTRACT

Over the past few years, researchers have studied the topic of online consumer feedback. Most of these studies focus on consumer decision making, and managing a hotel's image.

Consequently, more research could explore consumer-generated feedback from the viewpoint of hotel operations and service quality improvement. The present research explored the ways in which hotel General Managers use feedback from consumers (namely online), experts, and internal sources to improve service quality. A combination of a quantitative survey and qualitative interviews were utilized. The study targeted General Managers of upscale hotels.

Quantitative data was analyzed using multiple and simple regression analysis, correlations, and ANOVA. Results demonstrate that General Managers pay unequal amounts of time and effort to evaluating the various types of feedback. Furthermore, there were also significant differences in the perceived reliability of each source. The present research discovered a strong link between customer satisfaction survey scores and online reviews, as reported by General Managers. The reviews of consumers and experts also displayed significant relationships.

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1. Introduction

Today, General Managers often suffer from information overload. They receive constant feedback from their consumers via customer satisfaction surveys, online reviews, letters, e-mails, and in-person complaints, among others. General Managers also receive information from people who habitually evaluate hotels (i.e., experts). This information can come in the form of hotel rating systems and mystery shopping. Management also receives feedback from corporate executives, employees, and other internal stakeholders. Indeed, hotel General Managers are exposed to a universe of shiny objects that may seem elusive at times. A key question remains: what forms of feedback are most relevant, and how are they used?

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Academic researchers have explored expert-based systems such as hotel rating systems and mystery shopping (Beck & Miao, 2003; Narangajavana & Hu, 2008; Su & Sun, 2007; Van Der Wiele, Hesselink, & Van Iwaarden, 2005). Other researchers have explored consumer feedback, especially in its electronic forms (Pavlou & Dimoka, 2006; Sparks & Browning, 2011; Vermeulen & Seegers, 2009; Williams, Van der Wiele, Van Iwaarden, & Eldridge, 2010). Yet, another group of scholars have explored internal feedback in the form of benchmarking, internal audits, and feedback from corporate managers (Behara & Lemmink, 1997; Callan, 1990; McGaughey, 2002). In spite of this extensive research, more studies could illuminate whether management values some types of feedback more than others. Furthermore, additional study of the subject could help academia and industry understand how these sources of feedback are similar to or different from one another. If consumers and experts have similar perceptions of service quality, the evaluations should be similar. In contrast, if the perceptions are completely different, there should be no correlation between the two types of evaluations.

The present research examines the use of consumer-generated feedback by hotels and the implications for theory and practice. Even though past research has acknowledged the importance of consumer-generated feedback for purchase decisions, online reviews have important implications for the quality management practices of hotels. As hotel General Managers are exposed to abundant information and faced with various quality management choices, the present research illuminates the relative importance, uses, and consequences of various sources of feedback including those of consumers, experts, and internal stakeholders.

In today's dynamic hospitality industry, practitioners have to make decisions on how to best allocate their efforts to improve or sustain service quality. Consequently, the practitioners' perceptions of the importance of consumer and expert feedback are particularly valuable. Furthermore, information revealing similarities and differences in the qualitative and quantitative content of the assessments is important for theory and practice. In light of the current state of research, and looking to expand understanding and create new knowledge, the following research objectives were proposed: (a) to understand the relative value placed on three types of feedback: consumer, internal, and expert; (b) to examine the relationship between customer satisfaction and consumer feedback; and (c) to explore the link between expert-driven quality and customer-driven quality. This paper begins with a review of the existing literature and discussion of methodology, followed by the results of qualitative interview data. Descriptive data is followed by quantitative information emerging from a survey of hoteliers, and test of hypotheses. The study concludes with a discussion of the present research's theoretical and practical contributions and conclusions.

2. Theory

2.1. Online consumer feedback

One source of word-of-mouth, consumer-generated reviews, has received much attention over the past few years. Westbrook (1987) defined word-of-mouth as: "informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services and/or their sellers" (pp. 261). Hospitality researchers have noted the impact of consumer-generated feedback and have begun to explore it. In looking at the literature on consumer-generated feedback, three streams emerge. The first stream focuses on the purchase decision process, the second focuses on the reliability of such feedback, and the third on the impact. In this section the researchers provide a summary of some of the most relevant literature in this field.

Regarding consumer decision-making, Chen (2008) posited that people use reviews to reduce the risk and uncertainty associated with the hotel purchase. When people use reviews, they typically consider only comments from the top two pages in sites such as TripAdvisor (Sparks & Browning, 2011). Scholars have also demonstrated that the average TripAdvisor reviewer has written an average of 4.5 reviews (O'Connor, 2010). Researchers have evaluated travel websites comparing user-generated content to other sources of information in terms of its credibility and use in making decisions (Cox, Burgess, Sellito, & Buultjens, 2009). Online reviews are not without their challenges. For example, it has been suggested that the amount of information available to consumers has the potential to create information overload (O'Mahony & Smyth, 2010). Broadly written reviews and bias are yet two more challenges associated with user-generated content (O'Mahony & Smyth, 2010).

Recent studies highlight the importance of appropriately responding to electronic feedback. Wei, Miao, and Huang (2013)

highlighted several elements of a hotel's response to feedback including the motivational drivers as well as the specificity of the response. Accordingly, more specific responses (as opposed to generic) were viewed in a more favorable light by consumers. In spite of the importance of responding to online feedback, Yu (2010) posited that less than 4% of the negative online reviews receive a response by a hotel manager. In order to monitor online media, some hoteliers are using technology to facilitate the process. For example, some are turning to companies who offer specialized software such as Revinator that have the ability to scan the online world and provide summarized findings.

Research by Park and Allen (2013) identified three groups of companies with regards to their customer responses: frequent responders, infrequent responders, and non-responders. On the one hand, frequent responders stated that online feedback was mostly a fair representation of their guest's feelings. On the other hand, infrequent responders perceived reviews as extreme or biased. Based on their research results Park and Allen (2013) proposed that hotels should go beyond simply reacting to online reviews, and develop strategies to foster positive online relationships.

In light of the increased reliance by management on consumer-generated content, O'Connor (2010) compared the differences between consumer feedback and expert feedback. It was noted that the number of stars given by consumers matched those given by experts in all but one category: the five-star hotel. Such hotels are more likely to receive lower ratings from consumers as opposed to experts (O'Connor, 2010). Foster (2007) cited a study by a market research firm—Forrester Research—that revealed that one-third of American travelers read consumer-generated reviews. Of these travelers, one-third changed their plans based on the information they had received. Krueger (2011) determined that consumers might be interested in such feedback, perhaps trusting this information more than that of the experts.

The debate continues regarding which of the two sources (consumers or experts) is more valuable. Senecal and Nantel (2004) suggested that the information provided by experts might be more reliable. Furthermore, Goh, Heng, and Lin (2013) compared content generated by users versus that of competitors. Although both types of content are important, user-generated content was demonstrated to have a stronger impact on purchase behaviors. In contrast, research by Bickart and Schindler (2001) suggested that consumers place more value on the recommendations of fellow consumers. Zhang, Ye, Law, and Li (2011) evaluated a website in which readers could see reviews by consumers and website editors. The researchers concluded that consumers deemed reviews by other consumers more credible, as editor reviews could be biased by advertising efforts.

Culture can be another factor in determining the relevance of consumer-generated reviews. In this regard, Wilson, Murphy, and Fierro (2012) discovered that customers from Switzerland and the United Kingdom were more likely to use social networks to share their vacation experience with friends and family. In contrast, customers from Spain preferred to use TripAdvisor in order to make recommendations to fellow travelers. The reasons for posting may also vary by country of origin (Wilson et al., 2012). The content of online reviews can be both positive and negative. In order to further explore the valence and content of consumer-generated feedback, Stringam and Gerdes (2010) conducted research utilizing data from online travel agency Expedia. The researchers discovered that negative comments (those which ranked the hotel 1 or 2 out of 5) contained content regarding problems with housekeeping such as 'dirt', 'stain', and 'mold'. In contrast, positive comments (those which scored the hotel 4 or 5 out of 5) contained words related to

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